UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/877,439	06/08/2001	Hans-Linhard Reich	17209-019	1544

54205	7590	10/12/2006

CHADBOURNE & PARKE LLP
30 ROCKEFELER PLAZA
NEW YORK, NY 10112

EXAMINER
DASS, HARISH T

ART UNIT	PAPER NUMBER
3693	

DATE MAILED: 10/12/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

PTO-90C (Rev. 10/03)

	Application No.	Applicant(s)
Office Action Summary	09/877,439	REICH ET AL.
	Examiner	Art Unit	
	Harish T. Dass	3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *30 June 2006*.

2a)☒ This action is **FINAL**.   2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-34* is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-34* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All   b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____.

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1)☒ Notice of References Cited (PTO-892)

2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3)☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
    Paper No(s)/Mail Date _____.

4)☐ Interview Summary (PTO-413)
    Paper No(s)/Mail Date. _____.

5)☐ Notice of Informal Patent Application (PTO-152)

6)☐ Other: _____.

DETAILED ACTION

Claim Rejections - 35 USC § 103

1.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set
> forth in section 102 of this title, if the differences between the subject matter sought to be patented and
> the prior art are such that the subject matter as a whole would have been obvious at the time the
> invention was made to a person having ordinary skill in the art to which said subject matter pertains.
> Patentability shall not be negatived by the manner in which the invention was made.

Claims 1-34 are rejected under 35 U.S.C. 103(a) as being unpatentable over Applicant's

Admitted Prior Art (APA) in view of Brendan Coffey "Compliance moves forward", Wall

Street & Technology, New York; Summer 1997. pg. 28, 3 pages (hereinafter Coffey).

Re. Claims 1 and 21, APA discloses (a) receiving a compliance request having an

associated party and indicating a particular instrument associated with an issuer (APA

page 2 lines 5-6, i.e. TCO receives the request – see APA page 2 lines 5-6, i.e.

"telephone or a written or e-mail request". "Once the TCO receives the request"), (b)

retrieving restrictions associated with the particular instrument from a collection of

restrictions (APA page 2 lines 6-9 " the TCO compares the ... known to the public." – in

order to compare the security with list of companies with which the employee is involve,

it is obvious that TCO has to pull out/obtain the list/restrictions from his drawer,

database, notebook, company guideline, memory, etc.); (c) accessing a compliance rule

set identifying at least one compliance rule selected in accordance with a profile

associated with the party, the profile reflecting at least the relationship between the

party and the entity (APA page 2 lines 6-7, i.e. "TCO compares the underlying security

with a list of other companies with which the employee and/or the present company are currently involved."); (d) evaluating at least a portion of the rules in the compliance rule set using the retrieved restrictions to determine if the request complies with the restrictions (APA page 2 lines 10-13, i.e. "determining whether the employee can trade in the security. In making this determination, the TCO typically considers whether the company is involved with the security or the issuer, what position the employee holds, what confidential information the employee could be privy to, as well as other factors."), and (e) outputting a message in electronic form indicating a compliance condition in accordance with results of the evaluating step (APA page 2 lines 13-14, i.e. "Once this evaluation is complete, the TCO notifies the employee with the results of the compliance check.") to comply with SEC rules and avoid conflict of interest for employee personal trading.

APA does not disclose computer system with compliance rule, rule engine and server. Coffey discloses an automatic compliance system and compliance module (rule-engine) to be used for pre-trading compliance for real time to avoid violation. Server is inherent part of most computer system.

Further, spreadsheet (e.g. old lotus 123, Excel) and database (DBII, Oracle 8i, etc) are well known, where the users create lists (tables), sorts the lists with different columns, sort on column and than sort the next column, also provide logical test with condition and find (select) function (e.g. a student list with last name and scores, it can be sorted by the last name than by score, if the last name are same check the first name or other way around.)

It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of APA and use a spreadsheet (database) and create lists of employee, companies, etc such as disclosed by APA and include compliance tools such as computer rule-based module, as disclosed by Coffey, and spreadsheet (database) to modify the lists (tables) without drawing (making) a fresh lists each time a new employee or client is added or deleted from a list(s), quickly search the names, add a new sheet (table), etc. and adding compliance rules which saves the TCO time during search, retrieve decisions and update the lists for an efficient managing compliance and enforcing tool for employee of financial institutions who are trading securities to avoid conflict of interest.

Re. Claim 2, APA discloses wherein each compliance rule has an associated priority, the priority indicating an order in which the rules are applied during the evaluating step (APA page 2 lines 6-8, i.e. "TCO compares the restriction rules with employees trading security".

Re. Claim 3, APA discloses wherein the restrictions are indicated in a plurality of lists including a first list indicating restrictions related to publicly available information and a second list indicating restrictions related to non-public information (APA page 2 line 8, i.e. "the restriction are listed in different list where some are available publicly and some not" the priority of rules applying to the first list being greater than the priority of rules applying to the second list (APA page 2 lines 10-17, i.e. "if an employee is a ranking

member of the institution or member of the company board, their trades are obvious to

be given priority compare to an employee of lesser rank whom is only known inside the

institution."

Re. Claims 4-15, APA discloses restriction lists (page 2 lines 7-8) and transaction

approval (i.e., The TCO can indicate that the transaction is approved or that it violates

one or more trading restrictions because the company is too closely involved in the

underlying security and the employee's relationship with the company makes it

inappropriate or illegal for them to transact in the security.) and wherein the entity

comprises a company and the party comprises one of an employee of the company, a

customer of the company, and the company (page 1 lines 12-14).

Using online transactions are well known, where a client is registered with a security

trading institution or brokerage firm (e.g., Charles Schwab) server and place an order

for trading security using the electronic order form (wherein the request is received from

the party and the message is sent to the party), accepting the trading rules, brokerage

trading criteria and regulation of the brokerage firm where the transaction criteria are

written in submittal document when the trader accepts the rule/criteria, signs and

submits the document (embedding the compliance condition message in a

representation of the document.). Further, rule-based management information are well

known.

APA does not explicitly disclose the restrictions are indicated in least a first list

and restrictions in the first list have an associated severity level; the step of retrieving

comprising retrieving restrictions from the first list wherein, if a plurality of restrictions associated with the particular instrument is in the first list, retrieving from the first list only the restriction associated with the particular instrument having the highest severity level, and wherein restrictions are transaction restrictions and each restriction has an associated severity level selected from a group comprising at least one of a low severity indicating that transactions are permitted for a party in a first category and not permitted for a party in a second category, and a high severity indicating that transactions are not permitted for any party, wherein the first category comprise customers of the entity and the second category comprises employees of the entity, and wherein the severity group further comprises a medium severity indicating that transactions are permitted only with additional approval. It is well known that certain employee of corporations have more inside information and some less, these responsibility brings a restriction severity to comply with sec regulation of inside trading, similarly, theses regulation apply to members of board and leadership.

wherein the step of accessing a compliance rule set comprises: accessing a baseline rule set; accessing at least one additional rule set selected in accordance with the party profile; and combining the accessed baseline rule set and the at least one additional rule set to form the compliance rule set, combining the steps of: accessing rule exception data selected in accordance with the party profile; and removing rules from the compliance rule set in accordance with the rule exception data and wherein the compliance request comprises an electronic document containing data indicating a company name; the method further comprising the steps of extracting the company

name from the document and mapping the extracted company name to an associated instrument.

It is a business choice to categorize the TCO lists based on the business experience and dealing with its customer, and who the customer is, if the customer is a public figure (i.e., story of Martha Stewart is the latest public figure involved in news of inside trading.) has higher severity level than say Pinky Shaw a low level employee in some financial institution. Create a base-line for its business to minimize the damages can cause by inside trading. Similarly, printing logo and transferring data from on file to another are known to avoid typing.

It would have been obvious to one of ordinary skill in the art at the time the Applicant's invention was made to modify disclosure (APA) and Coffey and add rules which are suited to the business and complies with the government regulation to prevent inside-trading by the company employee or the client who is some corporation director, public figure or a financial advisor who has propriety information.

Re. Claims 16-20, and 22-34, claims 16-20 and 22-34 having substantially similar limitations as claims 1-15 and are rejected with same rationales as rejection of claims 1-15 over APA in view of Coffey.

Response to Arguments

2.   Applicant's arguments filed 6/30/2006 have been fully considered but they are not persuasive. Because:

a). In response to applicant's arguments (page 2 of remarks) citation "This citation is in no way related to either claim 1 (b), ... restriction", the applicant's arguments are responded in response to the claims, above as it applies.

b). In response to applicant's arguments (page 2 of remarks) citation "issue a query ... instrument", Applicant argues about limitation, which is not claimed.

In response to applicant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case, motivation to use spread sheet/database is creating a list, and retrieving individual's profile data using sort function such as: last name (see paper 20060221 page 3 lines 9-13 and page 3 line 22 to page 4 line 5). Motivation to combine the APA and compliance rule engine, as state in office action, is for pre-trading compliance in real time (see paper 20060221 page 3 line 16 and page 3 line 22 to page 4 line 5).

, *Conclusion*

3.   **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE

MONTHS from the mailing date of this action. In the event a first reply is filed within

TWO MONTHS of the mailing date of this final action and the advisory action is not

mailed until after the end of the THREE-MONTH shortened statutory period, then the

shortened statutory period will expire on the date the advisory action is mailed, and any

extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of

the advisory action. In no event, however, will the statutory period for reply expire later

than SIX MONTHS from the mailing date of this final action.

In response to this office action, applicant is requested to add a statement that, new

matter is added, or provide support for added limitation (specification page number and

lines, specially if the limitation is not clear.)

The prior art made of record and not relied upon is considered pertinent to

applicant's disclosure. Applicant is required under 37 CFR ' 1.111 (c) to consider the

references fully when responding to this action.

Einhorn "Walking the tightrope" The Investment Dealers' Digest : IDD. New York:

Nov 15, 1993.Vol.59, Iss. 46; pg. 14, 5 pgs; discloses use of computer compliance

software for pre-approving trade and monitoring activities, and an internal account

greatly aids surveillance, because a firm can monitor an employee not only before a

trade, but after through exception runs and computer compliance programs. In return,

employees are generally given a discount off of the commission charge that goes to the employee's broker.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Harish T. Dass whose telephone number is 571-272-6793. The examiner can normally be reached on 8:00 AM to 4:50 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P. Trammell can be reached on 571-272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/ELLA COLBERT
PRIMARY EXAMINER

Harish T Dass
Examiner
Art Unit 3693

10/03/06